

**REPORT ON ACTIVITIES OF 21 DEPARTMENTS AND INDEPENDENT  
AGENCIES OF THE UNITED STATES GOVERNMENT WITH REGARD TO PETROLEUM**

## NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

The National Advisory Committee for Aeronautics (NACA) was established by the Act of Congress in 1915 to supervise and direct the scientific study of the problems of flight with a view to their practical solution. In fulfilling this responsibility the Committee has conducted fundamental research at its three laboratories located at the Army's Langley Field, Virginia, the Navy's Moffet Field, California, and at Cleveland, Ohio.

The Committee's petroleum activities are but a segment of its scientific study of problems of flight. The Cleveland Laboratory, besides dealing with aircraft propulsion, is devoted to petroleum problems: research in aviation fuels and lubricants.

Fuels Research. The aeronautical fuels research program of the NACA is formulated in close collaboration with technical personnel from the Government agencies concerned, from educational institutions, and from industry, through membership on appropriate subcommittees. Members of all NACA committees are appointed as individuals qualified in their particular fields and include experts in the petroleum industry. The following is a summary of the fuels research problem confronting the NACA:

Turbo-jet, turbo-propeller, and ram-jet engines have similar fuel requirements, for in each type of engine the fuel is sprayed into a rapidly-moving air stream and the combustion takes place continuously at a relatively low pressure. During the early stages of the development of these engines, little attempt was made to improve the characteristics of the fuel. Usually, either kerosene or aviation gasoline was used because they were available. Combustion in one of the early engines was poor, causing the planes to leave tall-tale streaks of smoke in the sky. Carbon formed in the combustion chambers after a few hours of operation. "Blowout" would occur at certain speeds and altitudes. The solution of these and other combustion problems is often obtained by redesigning some of the engine parts, but improvements in engine performance are also made by changing the characteristics of the fuel.

Most jet engines are installed in high-speed aircraft which have very small fuselages and thin wings, greatly restricting the space available for fuel tanks. An investigation is under way to find liquid fuels which would occupy less space for a given energy content than do conventional fuels. Such fuels would result in greater range for existing turbo-jet engined aircraft, or greater speed for new designs. In the case of ram-jet engines designed to propel aircraft at supersonic speeds, the attainment of long-range flights will depend on the development of fuels giving energy releases in excess of those possible with fuels derived from petroleum. More investigations must be conducted on metals and on unconventional fuels. Many undeveloped concepts exist in this field that require:

Investigation of the performance of fuels in jet-propulsion engines.

Investigation of fuels having high heat energy per unit volume.

Investigation of fuel additives.

Investigation of propellants of high specific impulse.

Evaluation of rocket propellants.

Investigation of safety fuels for reciprocating engines.

Correlation of the performance of fuels in small-scale single-cylinder engines with the performance of the same fuels in full-scale multi-cylinder engines in flight.

Investigation of the performance of fuels at various reciprocating engine-operating conditions.

Lubrication Research. Much of the previous data in the field of lubrication and friction has been of an empirical nature and truly fundamental information is required to help in extending the present data into the range of higher speeds and higher loads. The problem of high-speed bearings is an example of a field in which more research data of a fundamental nature are required to enable the extension of the present data at low and moderate rotative speeds into the speed range of 10,000 to 50,000 rpm. The problem of sliding and rolling friction also illustrates this point; there is a definite lack (admitted by the experts in the field) of information on the exact nature or mechanism of failures occurring in surfaces subjected to rolling and sliding. The complex behavior of plastic materials under the repeated surface stresses set up by rolling and sliding friction is, at present, far from being understood; consequently, a study of the fundamentals involved is needed in order to shed light on possible basic methods of alleviation of failures.

The problems to be investigated in the lubrication and friction field should enable the recommendation of, and designs for, applications such as high-speed bearings and highly loaded rolling contact surfaces, which might otherwise become limiting factors in the operation of future engines. The scope, in general, of the research includes (1) lubrication and friction problems associated with combined sliding and rolling, (2) lubrication and friction problems associated with high-speed bearings, and (3) lubrication and friction problems associated with pure sliding.

Facilities and Dissemination of Information. The research facilities of the NACA may be used upon request of another Government agency in evaluation of specific aircraft and equipment, whenever facilities available to that agency are inadequate.

The research facilities of an NACA laboratory may be used to assist private individuals and corporations whenever other facilities

-3-

are not available and NACA facilities are available, provided that the investigation is considered by the NACA to be worth making. If the investigation is considered by the NACA to be in the public interest and the private individual or corporation agrees, the work may be undertaken at public expense and the results published. If the investigation is primarily of private interest, the cost must be met by those requesting assistance and the results will be reported only to them.

The NACA normally uses its own research facilities, but contracts with university and other private research organizations for work in special fields where outside facilities and competence are to be found. Likewise, the facilities and competence of the National Bureau of Standards, Forest Products Laboratory, and other Government research centers are used by the NACA whenever practicable.

Although unnecessary duplication of facilities and effort is avoided, when there are important problems whose practical solution appears to be especially difficult, parallel attack by several independent research teams is necessary. In such case, the NACA, the aircraft industry, Army, Navy, Civil Aeronautics Administration and individual scientists and inventors may work on various aspects of the same basic problem. Such parallel attack must be coordinated, and it is the policy of the NACA to achieve such coordination through the medium of subcommittees of experts representing all concerned.

Personnel and Appropriations. The fuels and lubricants research program at the Cleveland Laboratory requires the full-time services of 190 employees at a cost of \$930,000 per year.

-4-

#### DEPARTMENT OF AGRICULTURE

The Department's principal oil and natural gas activity involves leasing of acquired lands under the jurisdiction of the Department for oil and gas exploitation. Insofar as feasible, the principles adopted for oil and gas leasing are closely patterned after the provisions of the Federal Leasing Acts for public domain lands and the rules and regulations of the Department of the Interior pertaining thereto. The principal deviations comprise more stringent requirements for the protection of the surface and surface uses of the lands in recognition of the primary purposes for which they were acquired. In offering for lease lands, both in proved and unproved territory in which an active competitive interest is evident, the Department adheres to the principle of advertising for competitive bids and awarding the lease to the qualified bidder offering the highest cash bonus. Details of leasing are performed by the land administering agencies, using their regular staffs, including their numerous field representatives throughout the United States, as part of their regular land administering functions. Leases are reviewed by the regular staff offices of the Secretary for conformity with financial, contractual, legal and policy requirements. Advice and assistance on technical matters are provided by the U. S. Geological Survey on a reimbursable basis.

Reorganization Plan No. 3 of 1946 transferred the functions of the Secretary of Agriculture and the Department of Agriculture with respect to the uses of mineral deposits in certain acquired lands, pursuant to the provisions of certain specified statutes, to the Secretary of the Interior. The Plan provides that mineral development of such lands shall be authorized by the Secretary of the Interior only when he is advised by the Secretary of Agriculture that such development will not interfere with the primary purposes for which the land was acquired, and only in accordance with such conditions as may be specified by the Secretary of Agriculture in order to protect such purposes.

Another aspect of the Department's petroleum activity is the Synthetic Liquid Fuels Project in Peoria, Illinois, which conducts research for the purpose of determining the possibilities and feasibility of manufacturing synthetic liquid fuels from agricultural residues.

### ARMY-NAVY PETROLEUM BOARD

The Army-Navy Petroleum Board (ANPB) is the established agency of the Joint Chiefs of Staff charged with performing for the Joint Chiefs of Staff certain duties relating to petroleum and petroleum products. To the ANPB there have been assigned the staff responsibilities of storage, distribution, issue, statements of requirements, purchase, and coordination of specifications and standards.

More specifically, the ANPB receives statistical data including Service states of petroleum requirements, storage capacity, distribution facilities, inventories of stocks, tanker movement reports, service research and development data, industry data on reserves, production, consumption, research and development on fuels, lubricants, synthetics, and other information necessary to perform functions as outlined above. From data received, it is the responsibility of the ANPB to make analyses of the petroleum supply situation as it affects future Service requirements. From these analyses, the ANPB informs the Services of the requirements and supply situation, and recommends appropriate coordinated action for the meeting of these requirements.

Personnel authorized for the ANPB, which is supplied by the Army and Navy under the current operating appropriations, is as follows:

Members:	2 officers - Army (including 1 Air)
	2 officers - Navy (including 1 Air)
Staff:	22 Army officers
	21 Navy officers
	61 civilians

The field services of the ANPB include area petroleum officers or ANPB representatives at Norfolk, Va.; Seattle, Wash; Balboa, Panama; Pearl Harbor, Hawaii; Tokyo, Japan; Frankfurt, Germany; and Rome, Italy.

-6-

## DEPARTMENT OF COMMERCE

The statutory functions of the Department are to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishing industries, and the transportation facilities of the United States. In carrying out these functions the Department is responsible for the taking of population, agricultural, and other censuses; collection, analysis, and dissemination of commercial statistics; promotion of foreign and domestic commerce; conduct of coastal and geodetic surveys; establishment of commodity weights, measures, and standards; dissemination of scientific and technical data; and numerous other functions concerning these activities and related subjects.

The Department has within its jurisdiction several entities dealing in petroleum. The petroleum activities of each of these entities are as follows:

### Office of International Trade

In general the functions of the Fuel and Lubricants Section (Machinery and Metals Division, Commodities Branch, Office of World Trade Promotion of the Office of International Trade) comprise the promotion of the foreign commerce of United States petroleum enterprises. The Section reviews foreign trade journals received by the Department of Commerce, and answers individual requests from companies and individuals concerning foreign petroleum operations, primarily of a marketing nature. The Section reviews the "Petroleum and Products" column in the "Foreign Commerce Weekly," a publication of the Department of Commerce. A weekly news letter dealing in foreign petroleum, presenting comprehensive and detailed information on international petroleum developments, specifically on foreign markets for United States petroleum products, is expected to be distributed to the trade, the source of the material being principally reports received from the United States foreign missions. Surveys, special studies, and economic reports are continually prepared.

### Bureau of the Census

Since 1902 the Bureau has functioned as a permanent agency for the collection of general statistical information. The Bureau collects, processes, and publishes data on the characteristics and activities of the people of the United States in the fields of population, housing, agriculture, manufactures, business, mineral industries, State and local government, cotton and oils, foreign trade and other subjects.

Among the Bureau's multiple activities are the collection and dissemination of statistics relating to petroleum activities -- refiners, wholesalers, service stations, fuel dealers, carbon-black plants, and other industries associated with petroleum.

### Patent Office

The Patent Office was established in 1870 to administer the patent laws enacted by Congress. The chief legal and technical function of the

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Office consists in the examination of applications for patents, including those involving petroleum, to determine whether the invention described and claimed can be patented according to the laws. This work is performed by a number of examining divisions, each having jurisdiction over certain assigned fields of invention. Additionally, the Patent Office administers the Federal trade-mark laws, including those concerning petroleum. The Trade-Mark Division examines applications for registration of trade-marks and performs the legal work required under the trade-mark laws.

#### Office of Small Business

The Office was established to develop, promote, and execute plans and programs for extending assistance to small business; to assist and encourage small business by the promotion of sound business policies, operating methods, and production techniques; to determine the cost of distribution and evaluate specific trade practices of small business; to examine the finance and tax problems of small business; to assist veterans and others in evaluating new business opportunities; to provide contract and procurement assistance to small manufacturers; to represent small business with other Federal agencies; to cooperate with organizations in the development of local commercial and industrial opportunities, and to furnish independent small businesses with available information for its use in overcoming obstacles.

The term "small business" as herein used includes petroleum jobbers, dealers, commission houses, manufacturers, service stations, and other phases of the oil and gas industry.

#### Office of Technical Services

Among the duties of this Office are: An industrial research program, an inventors' advisory service, a technical information service, and the continued gathering and dissemination of technical information from enemy and ex-enemy countries. All of these duties involve services to the oil industry. The broad activities include extending aid in increasing the technological productivity of the Nation by assisting manufacturers or industries, including those involving petroleum, in contacting Federal, state, and private agencies which can help them in the solution of specific technical problems; and the promotion of the use of new methods, products, processes, and devices.

#### Office of Business Economics

The primary concern of the Office is to obtain information on the over-all level of economic activity in the United States and the relationships of segments of the national economy to this over-all activity. As to oil and gas activities, the Office is concerned with such matters indirectly.

The Office receives from various industries, including the petroleum industry, monthly reports showing net sales, orders received and cancelled, unfilled orders, and inventories of raw materials, goods in process, and finished goods. The reports give dollar values only. The data compiled from



-8-

these questionnaires serve as the basis for a monthly report of the Office entitled "Industry Survey."

The Office receives also from industries, including the petroleum industry, quarterly reports on plant and machinery equipment expenditures, and on anticipated expenditures broken down between new and used equipment. The reports are obtained directly from industrial concerns not registered with the Securities and Exchange Commission. Data on concerns registered with the Commission are received by that Agency which makes the information available to the Office of Business Economics. The data form the basis of reports which are distributed by the Office in the form of news releases.

#### National Bureau of Standards

The Bureau, established by act of Congress in 1901, is the principal agency of the Federal Government for fundamental research in physics, chemistry, and engineering. It has the custody of the national standards of physical measurements in terms of which all working standards in research laboratories and industry are calibrated, and carries on necessary research leading to improvement in such standards and methods of measurements. The Bureau has also a general responsibility for basic research in physics, chemistry, and engineering, and for development of improved methods for testing materials and equipment. It determines physical constants and properties of materials, tests and calibrates standard measuring apparatus and reference standards, and studies technical processes.

As to petroleum activities, the Bureau makes tests and investigations of petroleum and its products. Standard samples of pure hydrocarbons are made available to assist commercial laboratories in checking chemical and physical test methods. Standards are maintained for heat and temperature measurements, for thermal properties of materials, heat transmission and fire resistance, and researches are conducted on the performance of internal-combustion engines and fuels and lubricants for motor vehicles and aircraft. Briefly, the Bureau, among other things, engages in fundamental measurements of the properties of petroleum products, including substitutes and synthetics, and in research related to their utilization. Its functions as relate to these products are exercised by three divisions and eight sections.

#### Coast and Geodetic Survey

The Coast and Geodetic Survey has been established for the purpose of providing, for the United States and its possessions, information required for the safe navigation of coastal waters; basic geodetic control data (geographic positions and elevations); and information concerning earthquakes. It has also been assigned the duty of producing aeronautical charts for use in civil aviation.

Activities which relate to petroleum are geodetic control data and magnetic data which are essential for geophysical exploration of oil and gas.

The Survey furnishes such data in response to requests from petroleum and petroleum exploration enterprises. In performing coastal hydrographic surveys, the Survey provides indications of the existence of salt domes on the ocean bottom. Information of this nature is furnished to the petroleum industry, as well as occasional advice and assistance concerning surveys which the industry proposes to undertake.

-10-

### FEDERAL POWER COMMISSION

The Commission is an independent agency composed of five commissioners. The primary functions of the Commission are: The licensing of water power projects on waters over which Congress has jurisdiction, or on lands of the United States, or at Government dams; the regulation of the transmission and sale for resale of electric energy in interstate commerce; the making of surveys and studies on the comprehensive development of river basins for hydroelectric and other purposes; the approval of rates, accounts, and related matters for certain Federal hydroelectric power projects.

Among the primary functions of the Commission are those pertaining entirely to natural gas, as distinguished from oil over which the Commission has no jurisdiction. These functions stem from the administration of the Natural Gas Act and involve primarily the following: The regulation of the transportation and sale for resale of natural gas in interstate commerce, including the issuance of certificates of public convenience and necessity for the construction and operation of facilities, and the regulation of the accounts, rates, and depreciation notices of natural-gas companies, and the compilation and publication of statistical and other information concerning the natural gas industry in the United States.

The Commission is also charged with certain duties under Executive Order No. 8202 concerning the exportation and importation of natural gas from and into the United States.

It is estimated that the natural gas activities of the Commission require the services of about 30% of the 800 persons employed, and absorb about the same percentage of the total appropriation of \$3,295,000 for salaries and expenses in the current fiscal year.

The Commission requires from all the companies under its jurisdiction comprehensive annual reports from which it compiles annually a publication entitled "Statistics of Natural Gas Companies." Occasionally, the Commission publishes a "Directory of Gas Utilities in the United States." The Commission has recently instituted a requirement for the submittal of monthly statements of operating revenues and income of natural gas companies under its jurisdiction, and from these reports the Commission plans to issue monthly statistical compilations.

-11-

# FEDERAL TRADE COMMISSION

The statutory authority of the Commission is derived from the Federal Trade Commission Act, several sections of the Clayton Act, the Export Trade Act, and the Wool Products Labeling Act. The Commission was established to foster fair and free competition, and to supplement the anti-trust laws. It is charged with the enforcement of various statutes prohibiting the use of unfair, deceptive, discriminatory, and monopolistic trade practices. These functions are exercised by way of adversary proceedings and orders to cease and desist, by the stipulated acquiescence of the parties or by trade practice conference proceedings. The Commission also exercises supervision over associations engaged in export trade, and has advisory functions to Congress and to the President. These responsibilities are exercised through various divisions of the Commission.

The Commission has no specific functions or activities relating to oil and natural gas. Accordingly, it has no personnel or appropriation that is earmarked for petroleum matters as such. However, in the fulfillment of their general responsibilities the various offices within the Commission perform activities involving the oil and natural gas industry. Thus, for example, in August 1946, in the course of investigation of acts violating section 2(a) of the Clayton Act, as amended by the Robinson-Patman Act -- acts tending to injure, destroy or prevent competition and involving various industries -- the Commission found the Standard Oil Company of Indiana guilty of violation and issued an order to cease and desist from discriminating with respect to sale of gasoline in commerce.

## INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission was created on February 4, 1887, by the Act to Regulate Commerce, now known as the Interstate Commerce Act. Subsequent legislation has strengthened the authority of the Commission, and broadened the scope of its jurisdiction. The general purpose of creating the Commission was to provide for a body empowered to regulate, in the public interest, common carriers subject to the provision of the Act, as broadened and amended, and engaged in transportation in interstate commerce, and in foreign commerce to the extent that it takes place within the United States. With certain exceptions, the Commission has jurisdiction over railroad, pipeline, water, and motor vehicle common carriers operating in interstate commerce.

With regard to oil and gas activities, the Commission has jurisdiction over transportation of petroleum in: pipelines (excluding pipelines transporting natural or artificial gas), motor carriers, freight and tank cars moving on rails, and ships transporting packaged cargo or carrying more than three commodities in bulk; (tankers, barges, and privately owned vessels are excepted from ICC jurisdiction). With respect to the above common carriers the Commission is authorized to approve routes except for pipelines, regulate rates, promulgate regulations concerning accounting practices, and safety and working conditions, and to ascertain and report the value of these properties. Carriers are required to submit annual, quarterly, and/or monthly reports. From the data contained in these reports the Commission issues the following statistical statements:

Pipelines:

Statistics of Oil Pipeline Companies (Annual).

Transportation, Revenue, and Traffic of Large Oil Pipeline Companies (Quarterly)

Railroads:

Freight Commodity Statistics, Class I Steam Railways in the United States (Annual).

Summary of Freight Commodity Statistics of Class I Steam Railways (Monthly).

Tons of Revenue Freight Originated and Tons Terminated in Carloads by Class I Steam Railways (Monthly).

Motor Carriers:

Statistics of Class I Motor Carriers.

Carriers by Water:

Selected Financial and Operating Statistics From Annual Reports of Carriers by Water (Annual).

The Commission has no exclusive assignment of personnel or appropriation for work in connection with petroleum.

The rates, rules, regulations, and practices of carriers subject to the Interstate Commerce Act in connection with the transportation of

petroleum and its products have been the subject of a number of cases on the formal docket of the Commission. The decisions of the Commission in these cases are contained in the bound volumes of Interstate Commerce Commission Reports.

# DEPARTMENT OF JUSTICE

The Department of Justice is the law department of the Federal Government. It conducts litigation in which the United States is interested, and renders legal advice and opinions, upon request, to the President and the heads of the executive departments. It handles all arguments in the Supreme Court of the United States in cases in which the United States or any of its agencies is concerned. In addition to handling the law business of the United States, the Department of Justice exercises general superintendence and direction over United States attorneys and marshalls in the several judicial districts; has charge of the custody of prisoners; investigates violations of most Federal criminal statutes; and controls and supervises the laws applicable to aliens. The Department is organized into offices, divisions, bureaus and boards.

The Department of Justice has no jurisdiction over any administrative program or functions relating to oil and gas matters, and is not charged with responsibility for formulating any policies with respect to such matters. Accordingly, it has neither staff nor appropriation that is earmarked for oil matters as such.

However, in the fulfillment of their general responsibilities, the various offices within the Department engage in litigation, render advisory opinions and other legal services which involve the oil and gas industry. This is illustrated by the activities of the following offices:

1. The Antitrust Division of the Department of Justice is primarily responsible for the enforcement of statutes enacted by Congress to maintain and foster a system of free competitive enterprise. It receives complaints and initiates investigations of violations of the Sherman Act, Clayton Act, Robinson-Patman Act, Wilson Tariff Act, Elkins Act, Revenue Act of 1916, Ashurst-Summers Act, and Section 11 of the Panama Canal Act. These responsibilities involve occasionally the oil and gas industry. E.g., at present the Division is investigating gasoline prices in Idaho on the basis of a complaint justifying antitrust action.

2. The Lands Division handles primarily all litigation and legal matters connected with the public domain, public lands, or any interest therein, including the acquisition thereof by direct land purchase or through condemnation proceedings (with the exception of acquisitions for TVA), and for all litigation pertaining to Indians, their lands, and property. These functions are primarily concerned with ownership of land which may incidentally contain oil and gas. E.g., the Division is currently engaged in the litigation case of the United States vs. The State of California to quiet the title of the tidelands oil of California.

3. The Criminal Division handles primarily the enforcement of all Federal criminal statutes (except statutes within the jurisdiction of the Antitrust and Tax Divisions), and supervises certain civil matters. These responsibilities may involve the petroleum and gas industries. E.g., among other Federal statutes the Criminal Division assists in the enforcement of the Connally Hot Oil Act.

-15-

4. The Office of Alien Property Custodian, which on October 15, 1946, came under the jurisdiction of the Department of Justice, is authorized to control or vest foreign-owned property, whether the ownership rests with a foreign government or with an individual who is a national of a foreign country, or with a business enterprise which is a national of a foreign country.

The Office is concerned with oil and gas activities only to the extent that vested enemy properties lie within the sphere of oil and gas. The seized properties relating to oil and gas -- oil and gas lands, stock in oil and gas companies, patents and inventions -- are of very little value or importance.



## DEPARTMENT OF LABOR

The Department of Labor was established by act of Congress approved March 4, 1913. The purpose of the Department is to foster, promote, and develop the welfare of wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

The Department has no specific functions relating to oil and natural gas. However, in the fulfillment of their general responsibilities, the various offices within the Department perform activities involving oil and natural gas as related to labor relations and cost-of-living surveys. Of the foregoing activities the more important are performed by the following offices within the Department of Labor:

- (1) The United States Conciliation Office. The Office seeks to bring about peaceful settlements of disputes between employers and employees in the petroleum industry, and towards this end acts as mediator in the event of strikes or strike threats.
- (2) The Division of Labor Standards. The Division is a service agency to State labor departments and State officials, and to labor, employer, and civic groups interested in the improvement of working conditions in the petroleum industry. The Division is also charged with the administration of child-labor laws.
- (3) The Wage and Hour and Public Contracts Divisions. These Divisions are charged with the function of administering and enforcing (1) the minimum wage and maximum hours standards provided by the Fair Labor Standards Act of 1938, and (2) the fair labor practices required by the Walsh-Healey Public Contracts Act.
- (4) Bureau of Labor Statistics. The Bureau is a fact-finding agency in the field of labor economics, particularly with respect to the collection and analysis of data on employment and manpower developments, wages, industrial relations and accidents, price trends, and cost and standards of living. The Bureau is divided into branches each of which conducts research in a particular field.

The Price and Cost of Living Branch conducts research in matters relating to prices of consumers and industrial goods, including prices of petroleum, and to services and rents. The Branch maintains the various price indices issued by the Bureau, and prepares special studies of cost of living problems.

The Employment and Occupational Outlook Branch conducts research on matters relating to employment, payrolls, hours worked, and average hourly earnings in various industries including the petroleum industry. The Branch obtains information from monthly questionnaires sent out to over 200,000 industrial and non-industrial establishments. The Branch studies the employment outlook in various trades and occupations, and the effects of technological developments on productivity, employment, and labor costs.

The Wage Analysis Branch gathers information on occupational wages in various industries, including the petroleum industries; collects data on union wage rates; and conducts studies involving wage rates and wage structure.

In discharging its responsibilities the Branch conducts periodical surveys on wages within a particular industry. The most recent national survey of the petroleum industry was made in 1934 and 1935. The survey covered production, pipeline transportation and refining. The Branch plans to start a survey of petroleum industry wages in the Spring of 1947. The plan covers only the production and refining branches of the industry.

The Working Conditions Branch conducts research on matters relating to working conditions in petroleum and other industries, including their effects on production and on physical well-being of workers.

The Industrial Relations Branch maintains files of current collective bargaining agreements in petroleum and other industries; maintains directories of local and national unions including petroleum labor unions; and conducts research on matters relating to employer-employee relationships, industrial disputes and similar matters.

The information collected by the various branches of the Bureau of Labor Statistics is issued in special bulletins and in its official publication entitled "Monthly Labor Review."

# UNITED STATES MARITIME COMMISSION

Pursuant to the Merchant Marine Act, 1936, as amended, the Maritime Commission administers Government aid in construction and operation of vessels in United States commerce; regulates United States foreign water-borne commerce, and freight forwarding and terminal services in connection with common carriers by water; and controls operation, purchase, charter, requisition, maintenance, insurance, and use of ocean-going United States-controlled non-combatant vessels, except Army and Navy transports and vessels engaged in domestic transportation controlled by the Office of Defense Transportation. The Commission functions generally through administrative divisions and sub-divisions.

The Commission's oil and gas activities are as follows:

Disposal of surplus tankers of 1,500 gross tons or over.

Collecting statistical and other information on foreign trade, foreign and domestic trade routes, extent of foreign competition, port facilities, inbound and outbound cargo reports, and daily vessel movements.

Division of Regulation has on file rates, fares and charges between States and Territories and possessions.

The Commission purchases Bunker "C" fuel oil, Diesel fuel oil, lubricating oils and greases, and other related petroleum products required for the use in the dock and sea trials for vessels constructed for the account of the Commission, in the Commission-owned shipyard facilities, and in reserve fleet activities. These procurement services require the full time of one purchasing officer and one clerk.

-19-

#### NAVY DEPARTMENT

The fundamental responsibility of the Navy Department is to maintain the Navy in sufficient strength and readiness to support the national policies and commerce, and to guard the continental and overseas possessions of the United States.

The realization of the fundamental responsibility requires of the Navy Department certain petroleum activities. The Department is charged by the Congress of the United States with procurement, distribution, storage, and use of the petroleum products required for the operation and maintenance of the Naval establishment. In addition, it is charged with the prosecution of such research and development programs as will tend to enhance the capabilities of the Navy in its responsibility for the defense of the Nation.

The following is a tabulation showing the main petroleum functions of various bureaus of the Navy Department and of the joint interservice boards under the cognizance of the Department which deal with petroleum matters.

#### Army-Navy Munitions Board

The Board is charged with (1) determination of military interest in export and import; (2) formulation and development of industrial mobilization plans and policies, and interservice coordination thereof; and (3) coordination of the actions of the services as to all industrial matters, including procurement plans of the services.

#### Aeronautical Board

The Board coordinates all research, development, and testing projects on fuels and lubricants by or for the Bureau of Aeronautics or Army-Navy Commerce Committee on Aircraft Requirements; coordinates technical and procurement requirements for petroleum products peculiar to aviation use of services; and represents air service on committees looking toward standardization of products, inspection procedures, containers and marking.

#### Bureau of Aeronautics

The Bureau is responsible for the design, construction, procurement, production and maintenance of Naval and Marine Corps aircraft. In carrying out these functions, the Bureau is required to work with petroleum because of its use as a fuel and lubricant for aircraft.

The Experimental Section of Fuels and Lubricants Branch establishes suitable research and development projects leading to the development of improved aircraft engine fuels and lubricants; reviews and correlates the results of such tests, and evaluates new products in the light of service needs; and advises and deals with other government, civil and naval activities, and represents the Bureau on committees, etc., concerned with such matters.

The Service Section of the Fuels and Lubricants Branch prepares specifications for the procurement of fuels and lubricants satisfactory for service use; establishes suitable service tests leading to the adaptation of improved products to service needs; establishes tests leading to maintenance of quality of service fuels and lubricants; directs and outlines the program for research and development in laboratory equipment and methods used in evaluation of aircraft engine fuels and lubricants.

The Logistics Section of the Fuels and Lubricants Branch prepares estimates of logistic requirements and of recommended allocations and conservation measures for aviation fuels and lubricants; controls acceptance or rejection of fuels and lubricants that deviate from specifications; maintains records of allocations, issues, inventories, and consumption versus estimates of aviation fuels and lubricants; and makes recommendations with regard to the technical aspects of the necessity and adequacy of facilities required for receiving, storage, and dispensing.

The Budget and Costs Section of the Maintenance Division prepares budget estimates and supervises the expenditure of funds for petroleum products used in all operations of naval aircraft.

The Chemicals Section of the Airborne Equipment Division supervises the research and development of hydraulic oils and of specialty greases and oils in high and low temperature applications, and prepares specifications for them.

Personnel involved in work on oil and gas are hard to estimate because all jobs carry additional duties. A fair estimate is about six full-time employees.

The appropriations involved in all Bureau of Aeronautics expenditures for material and work on oil and gas is "Aviation, Navy." Annual peacetime expenditures are approximately as follows:

Research, Development and Testing .....	\$ 200,000
Fuel and Lubricating Oil for Naval Aircraft.....	61,370,000

#### Naval Petroleum and Oil Shale Reserves

This office administers: (1) the naval petroleum and oil shale reserves, including the oil field operations in Naval Petroleum Reserve #1 (Elk Hills, Calif.); (2) oil and gas leases in Naval Petroleum Reserve #2 (Buena Vista Hills, Calif.); and (3) exploratory work conducted in the Alaskan Naval Petroleum Reserve #4.

The authority of the Office is derived from the following Congressional legislation: Act 6-4-20 to 41, Stat. 813; Act 2-25-28 to 45, Stat. 145; Act 6-30-38 to 52, Stat. 1252; Act 6-17-44 to 58, Stat. 280.

The appropriation for the administration of Naval Petroleum Reserves #1, #2 and #3 is \$110,000 for the fiscal year 1947. The appropriations for

the administration of the Alaskan Naval Petroleum Reserve through 1950 is \$9,600,000. The Office consists of six officers and twenty-two civilians.

The Office has no statistical staff. It utilizes the statistics prepared by the United States Geological Survey and the Bureau of Mines. In 1945 the Office issued "The Twentieth Century Petroleum Statistics." This publication is being brought up to date by the geological firm of DeGolyer and MacNaughton of Dallas, Texas, without any cost to the Navy. In 1944, the Office prepared a "History of Naval Petroleum Reserves."

#### Bureau of Ordnance

The Bureau carries on research in the field of special lubricants, preservatives, and hydraulic fluids for ordnance equipment and in the field of fuels for missiles.

#### Bureau of Ships

In connection with its main responsibility for the design, structural strength, stability, and seaworthiness of all ships and floating craft of the Navy, except those assigned to the Bureau of Yards and Docks and to Aircraft, the Bureau exercises supervision over the quality of Navy fuels and lubricants; conducts research and experiments in Naval propulsive units and the fuels and lubricants required therefor; and through contracts with civilian concerns arranges for the prosecution of research and development projects on Naval fuels and lubricants.

#### Bureau of Supplies and Accounts

In connection with its main responsibility of developing plans, formulating policies, and specifying procedures to be followed in the performance of supply, disbursing, and accounting activities afloat and ashore, the Bureau ascertains availability of petroleum products for purchase by the Navy; effects purchase of petroleum products; administers Naval Fuel Annexes and Canal Zone petroleum products storage and pipeline systems; and prepares budgetary estimates under "Fuel, Navy."

#### Bureau of Yards and Docks

In its role as the Navy Department's "Public Works Agency" for the entire Naval Shore Establishment, the Bureau is responsible for the construction of fueling plants for storage, receipt, and issue of liquid fuels, including the necessary transmission lines and distribution facilities; and for the administration of civil contracts for construction and maintenance on Naval Petroleum Reserves as sponsored by the Director of the Naval Petroleum Reserves.

#### Office of Naval Research

The Office conducts projects in fundamental research on lubricants and fuels.

-22-

In addition to the petroleum functions which appear in the foregoing tabulation, the Chief of Naval Operations formulates plans and policies relative to the storage and distribution of petroleum products for the Navy. In the event these plans involve construction on shore of storage or handling facilities, this work is performed under the direction of the Bureau of Yards and Docks. In the field of distribution, the Chief of Naval Operations directs the movement of petroleum products by means of Navy owned or controlled equipment. The Bureau of Supplies and Accounts, as directed by the Chief of Naval Operations, makes the necessary contractual arrangements for civilian owned and operated equipment to supplement that of the Navy.

-23-

#### OFFICE OF DEFENSE TRANSPORTATION

The Office of Defense Transportation was created by Executive Order No. 8989 of December 18, 1941, to assure maximum utilization of the domestic transportation facilities of the Nation for the successful prosecution of the war.

The Department of Liquid Transport of the agency had supervision over the transportation of petroleum during the war, but the Department was abolished on September 17, 1945. Since that time no special regulation has been in effect relative to petroleum, and no statistical information has been compiled.

The agency administers several emergency orders which are still in effect bearing principally on the loading and movement of freight cars, including freight cars used for transportation of petroleum and its products. The Orders are ODT-1, ODT-16C, and ODT-18A.

In the event of any national emergency, the agency may take necessary action to accomplish the transportation of essential petroleum. For instance, there is at present a severe shortage of pressure tank cars used for the transportation of liquefied petroleum gas. The ODT has been designated as the agency to expedite the construction of new pressure cars and also to allocate these cars.

The agency acts as advisor to the President and to other Federal agencies on transportation problems. It is understood that the agency will be dissolved as soon as certain abnormal transportation conditions resulting from the war have been corrected.



### OFFICE OF TEMPORARY CONTROLS

On December 12, 1946, the Executive Order 9809 set up the Office of Temporary Controls which consolidated the following agencies: The Office of War Mobilization and Reconversion, the Office of Economic Stabilization, the Office of Price Administration, and the Civilian Production Administration. The latter two agencies exercise some petroleum functions.

Through the Office of Price Administration, the Office of Temporary Controls certifies to the Reconstruction Finance Corporation the eligibility of petroleum pools for subsidy payments under the stripper well premium plan. This function is exercised by the Stripper Well Section of the Office of Public Records within the O.P.A. The Section employs five people. The stripper well subsidy payment plan is scheduled to expire on April 1, 1947.

Through the Civilian Production Administration, the Office of Temporary Controls exercises functions delegated to that Agency, and these are as follows:

Under the authority of Title III of the Second War Powers Act (as amended), delegated by the President to the Chairman of the War Production Board by Executive Order No. 9125, (transferred to the Administrator of the C.P.A. by Executive Order No. 9368), the C.P.A. has the authority to issue allocation orders and grant priorities with respect to petroleum and petroleum products.

Furthermore, the C.P.A. allocates construction materials in the interest of the housing program, and these construction controls affect the petroleum industry in general.

In addition, exports of petroleum and petroleum products are controlled by the Joint Committee on Export Controls, of which C.P.A. is a member. Export controls are vested in C.P.A. under the general authority granted in a letter from Reconversion Director John Snyder to Mr. Crowley, dated August 28, 1945, which permits the C.P.A. to certify any production or material to the positive list for control of export. Certification to the positive list, in turn, permits the Office of International Trade to grant export licenses for the specific material or production, at its discretion.

Certification is accomplished through the Joint Committee on Export Controls, which consists of representatives of the C.P.A. and of the Office of International Trade as joint chairmen, of representatives of the State Department, of the Office of Price Administration, and of representatives of any other interested governmental agency which would include the Department of Interior on oil and gas matters. The Joint Committee on Export Controls is empowered to consider any additions to the positive list. It also determines whether quotas are necessary, in which case the Office of International Trade must limit its licensing to the quotas set.

After determination by the Joint Committee on Export Controls, the quotas are established by C.P.A. either on a formal basis, in which case a

priorities policy determination is required or on an informal basis, in which case the industry division involved is responsible for setting the limitations. Items now under control include not only certain petroleum products but other materials and products which might be necessary in overseas construction.

Many of the C.P.A. orders and regulations affecting the petroleum industry are of relatively minor importance to the industry. Others, however, are of sufficient significance to warrant individual consideration. The following brief description attempts to outline the purpose of the more important C.P.A. orders and regulations affecting the petroleum industry:

#### PR-1

General. This order states the rules of the C.P.A. which apply to all business transactions. With its amendments it gives the rules for acceptance and rejections of rated orders, assignment of preference ratings, and rules for deliveries, inventory restrictions, making of reports, violations, appeals, etc.

#### PR-2

Preference Ratings. This regulation states the rules governing the application, use, and extension of preference ratings. It applies to any producer needing priorities assistance. Certain items, however, are exempt from the provision of the order and may be procured without regard to preference ratings. The exempt list includes the following petroleum products:

- Liquid petroleum gas
- Aviation gasoline
- Motor fuel
- Naphtha
- Insecticide base
- Petrolatum
- Fuel Oil
- Lubricating Oil
- Lubricating Grease
- Asphalt
- Micro-crystalline wax
- Mineral oil polymers

#### PR-28

Priorities Assistance. This regulation sets forth the rules under which limited priorities assistance may be given for non-military purposes in specific instances where the need is clearly demonstrated as necessary to assist reconversion or insure the continued fulfillment of essential civilian and export needs.

Except for specific products for which special assistance is given under PA-28, the C.P.A. grants QC ratings to get production material, capital equipment, or MRO only when it is clearly demonstrated that failure to get these, will prevent an entire plant from beginning or maintaining operations at a minimum economic rate, i.e., the rate of operations which must be maintained to avoid a financial loss. This provision applies only to so-called "bottleneck" items. Special consideration, however, not limited to "bottleneck" items is given to the need of small business and World War II veterans up to economic rate of operations.

#### VMP-1

Non-Residential Construction. This order covers non-residential construction and forbids the construction and beginning of repair work on non-residential buildings, with certain minor exceptions, without authorization by the C.P.A.

#### M-21

Steel. This order provides for the issuance from time to time of directives to any person or persons as to type, description, amount, source, or destination of steel, alloy iron or iron products, coils, etc., to be produced, processed, delivered, distributed or acquired by such person or persons.

#### M-31

Containers. This order specifically lists non-food products to which the order shall apply among which is item 202, pertaining to lubricating oils, including motor oils. No limits are placed on the size of packing quota or size of container.

#### M-1

Rubber, Synthetic Rubber, and Products. This order specifies restrictions on consumption of rubber and general purpose synthetics, finished and semi-finished products, scrap rubber for production of reclaimed rubber, quota restrictions, by special directive, conversion to synthetic rubber, etc. The synthetic rubber industry is, of course, a consumer of various petroleum feed-stuffs but the C.P.A. is not directly involved in this relationship. The Office of Rubber Reserve of the R.F.C. has been the responsible Government agency in this area since the abolition of the Office of Rubber Director.

Under the present organization of the C.P.A. there is no staff devoted exclusively to the oil and gas producing and manufacturing industry. Such functions as do pertain are centered in the Transportation and Fuels Branch which takes care of many additional products. Where the interests of the oil and gas industry impinge elsewhere on the general functions of the C.P.A., they are taken care of as part of the routine work of the interested division or branch. With this organizational setup, it is obvious that the C.P.A. has no budget which can be specifically attributed to the oil and gas field.

### PUBLIC ROADS ADMINISTRATION

The Administration is the principal road building agency of the Federal Government. It administers annual authorizations to aid the States in road construction, and cooperates with the Departments of Agriculture and Interior in the construction of roads in national forests, national parks, and other Federal areas.

The only activity of the Administration concerning oil and gas is the compilation of statistics dealing with petroleum -- compilations on gasoline consumption, gasoline tax receipts, highway and non-highway use of motor fuel, etc. The pertinent tabulations and reports are as follows:

"Trend in Motor Vehicle Registration and Gasoline Consumption, 1904-1946." The publication presents a master chart made up from annual registration and gasoline consumption figures.

Table G-1, "State Motor Fuel Tax Receipts, 19\_\_." The figures show gross tax collections, license and inspection fees, refunds and other data.

Table G-2, "Motor Fuel Consumption, 19\_\_." The publication presents gross consumption, quantities exempted from payment of tax, gal-lonage subject to refund, etc.

Table G-3, "Disposition of State Motor Fuel Tax Receipts, 19\_\_." The data present a breakdown of the distribution of receipts for highways, local roads and streets, general funds, relief of unemployment, etc.

Table G-21, "Analysis of Motor Fuel Usage in Calendar Year 19\_\_." The publication presents a breakdown showing private and public use of gasoline, highway and non-highway use, etc.

Table G-22, "Total Motor Fuel Consumption by Months in 19\_\_."

Table G-23, "Highway Use of Motor Fuel by Months in 19\_\_."

Table G-24, "Non-highway Use of Motor Fuel in 19\_\_." The figures present a breakdown into agricultural, aviation, marine, and other uses.

Table G-33, and G-33A, "Comparison of Net Gallons of Motor Fuel Taxed, by Months, in 19\_\_." The tables present net taxed motor fuel by States and by months.

Table G-201, "Summary of Motor Fuel Usage from 1925 to 1940." The figures present a breakdown into private and public use, highway and non-highway use, etc.

Table G-202, "Total Motor Fuel Consumption from 1925 to 1940."

Table G-203, "Highway Use of Motor Fuel from 1925 to 1940."

-28-

Table G-204, "Private and Commercial Highway Use of Motor Fuel from 1925 to 1940."

Table G-205, "State Gasoline Tax Rates by Years" 1919-1944.

Table G-240, "Relative Amounts of Motor Fuel Exempted or Refunded for Alleged Non-Highway Use." 1940-1945.

Practically all of the information for the above statistical compilations is based on data supplied by the various state highway and motor vehicle offices.

The statistics issued by the Administration are necessary for highway commerce. They are also needed to measure current highway use and to determine trends and estimate future consumption of motor fuel and the tax revenues therefrom.

-29-

## RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation was created as a body corporate by the Reconstruction Finance Corporation Act, approved January 22, 1932. The enactment creating the Corporation authorized it to extend financial assistance to agriculture, commerce, and industry, including the petroleum industry, through direct loans to various credit agencies. Through amendatory and supplemental legislation the Corporation has been authorized: (1) to make loans to various classes of borrowers, including petroleum business enterprises; and (2) in connection with the defense and war program, to provide financing for purposes of plant conversion and construction, including conversion and construction of petroleum facilities; to provide war production facilities, including war production facilities in the petroleum industry; and to provide supplies of strategic and critical materials, including strategic and critical petroleum materials.

The only active petroleum program which this Corporation is presently concerned with is the stripper well subsidy. Under this program, first instituted on August 1, 1944, at the direction of the Office of Economic Stabilization, the Price Administrator was directed to increase the maximum prices of crude oil produced from stripper pools on the basis of each pool's daily average per well production over the preceding year, as follows:

<u>Daily Per Well Production</u>	<u>Amount of Increase</u>
Less than 5 barrels	35¢ per barrel
5 to 7 barrels	25¢ per barrel
7 to 9 barrels	20¢ per barrel

All Pennsylvania grade crude oil was to receive an increase of 75 cents per barrel.

Since the termination of price controls on petroleum and its products on July 1, 1946, the nature of the program has been revised pursuant to Directives issued by the Office of Economic Stabilization and the subsidy rates have been reduced by 25 cents per barrel effective August 1 in view of the general 25 cents price per barrel increase.

The program has been functioning under Stripper Well Compensatory Adjustments Regulation No. 7 of Reconstruction Finance Corporation. Applicants under the Regulation file monthly claims at the Washington office of the Corporation where, after examination of the claims, checks in payment therefor are issued. All subsidies are scheduled to terminate April 1, 1946.

-30-

## SECURITIES AND EXCHANGE COMMISSION

The Securities and Exchange Commission was created by Act of Congress entitled the Securities Exchange Act of 1934. The Act transferred to the Commission the administration of the Securities Act of 1933, formerly administered by the Federal Trade Commission. The general objective of the Commission is to protect the interests of the public and investors against malpractices in the securities and financial markets.

The Commission has no direct functions, regulatory or otherwise, concerning the petroleum industry. Its petroleum responsibilities come under the Securities Acts administered by the Commission -- Acts which provide that the Commission shall be responsible for the full and fair disclosure of information concerning securities offered to the public or traded on a national securities exchange, and for the prevention of fraud in the purchase or sale of those securities. This responsibility is present whether the securities relate to oil and gas properties, mining properties, industrials generally, or public utilities, and the Commission's responsibility to the public is no different in the case of oil and gas securities than it is in any other type of investment.

The Commission has an Oil and Gas Unit within its Corporation Finance Division. The function of this Unit is to provide the Commission with specialized assistance in the highly technical matters which arise in connection with securities involving oil and gas interests. Although practically all of the major oil companies invite public participation through offerings of equity or debt securities, a substantial volume of securities are sold in the form of fractional undivided interests, oil royalties, leaseholds, and other similar securities. This latter type of financing is of minor importance to the petroleum industry as a whole, but is of major significance in the enforcement of the Securities Act.

The Oil and Gas Unit is primarily charged with the performance of the Commission's duties in the administration of Regulation A, Regulation B, and Regulation B-F. Regulation A applies to issues of shares of stock in an oil and gas company when the aggregate offering price does not exceed \$300,000. Regulation B exempts, under certain conditions, the registration of fractional undivided interests in oil and gas rights as defined therein when the aggregate offering price does not exceed \$100,000. A similar exemption from registration is provided under Regulation B-F which relates to interests or rights of participation in a trust or unincorporated association, a substantial portion of the assets of which consists of oil or gas leasehold interests or fractional undivided interests therein. Each of these Regulations require filing with the Commission certain information with respect to the securities to be offered to the public.

The Unit reviews each filing to determine that the statutes and regulations are complied with and to ascertain whether adequate disclosure

-31-

of both technical and non-technical data concerning the security has been made, so the investing public will have essentially important information to determine whether or not they desire to invest. If a filing appears to be materially misleading, inaccurate or incomplete, the registrant usually is advised by letter and given an opportunity to file appropriate amendments; however, the Commission is authorized to stop the sale of the securities.

In addition to this principal function, the Unit acts in an advisory capacity to the Commission in its administration of the Public Utility Holding Company Act of 1935 and the Investment Company Act of 1940. It also renders assistance in the examination of registration statements and prospectuses filed under the Securities Act of 1933 and applications for registration filed under the Securities Act of 1934 when the issuer making such filing is engaged in the oil business.

Assistance is also furnished in the enforcement of the Securities Acts involving violations of the registration and fraud provisions relating to oil and gas securities. In the performance of these duties, technical advice is given the central office staff of the Commission, as well as to its ten regional offices. This sometimes necessitates an examination of properties located in the field to implement information obtained from other sources. In cases involving fraudulent sales, the experts in this Unit are used not only in investigatory and advisory capacities, but as expert witnesses in proceedings to establish the fact of such fraudulent operations.

The Unit keeps advised with respect to the activities of operators in the oil and gas field which involve securities transactions. This is done by reference to information appearing in current publications and periodicals, as well as that obtained through private sources and from other federal and state agencies. Records and statistics are compiled with respect to publicly offered oil and gas securities. A release is issued each week giving the name of each person filing an offering sheet under Regulation B, with a reference to the location of the property involved.

The Oil and Gas Unit employs nine people. On the staff in the central office is a petroleum engineer who is Chief of the Unit, a petroleum geologist, an attorney, and necessary clerical assistants. All of the operations of the Unit stem from the central office of the Commission in Philadelphia, with the exception of one geologist and a stenographer located in a branch office at Tulsa, Oklahoma. In the budget for the present fiscal year approximately \$40,000 was provided to cover the work of the Unit.



## DEPARTMENT OF STATE

The principal responsibility of the Department of State is the determination of the policy of the Government in relation to international problems. In discharging this principal responsibility, the Department carries on day-to-day negotiations with foreign countries; devises specific measures for the protection of American interests and the promotion of solidarity with friendly countries; and conducts correspondence with diplomatic and consular representatives of the United States as well as with representatives of foreign powers accredited to the United States.

The foregoing principal responsibility delegates to the Department of State the authority to deal with international petroleum problems. These problems fall within the scope of activities of the Petroleum Division and also the Petroleum Adviser in the Department. The Petroleum Division is responsible for the formulation and coordination of policy and action in all foreign policy matters pertaining to petroleum and petroleum products.

In pursuance of its responsibilities the petroleum officers of the Department concern themselves with problems related to competitive and non-discriminatory access for all nationals to petroleum and its derivatives, respect for lawfully acquired concession rights, economic interests of producing countries, amelioration of laws and regulations of foreign countries which discriminate against American nationals, restoration of American oil properties damaged or taken as war booty, and many other problems of nationalization, expropriation, sequestration, and confiscation.

The Petroleum Division consists of eight professional people and eight clerical workers in Washington. In addition, there are three employees of the Division of International and Functional Intelligence, Office of Intelligence and Research, who are engaged in various studies regarding petroleum. Besides, the Department of State has four petroleum attaches stationed in Cairo, Paris, Rio de Janeiro, and Lima. At missions without petroleum attaches, petroleum reports are prepared by officers devoting part of their time to petroleum matters. In addition, the entire resources of the Department of State, when necessary, are engaged in the handling of petroleum problems on a cooperative basis whenever they require the services of legal, financial, economic, and political specialists.

On August 1, 1946, the State Department issued instructions to its representatives abroad concerning the reporting of petroleum matters. The instructions were developed at several meetings of a committee representing interested Government agencies, among them the Departments of War, Navy, Commerce, and Interior, the Petroleum Administration for War, and the Tariff Commission. The petroleum reports from abroad are distributed to various Department of State offices, to the Army-Navy Petroleum Board, and to the Departments of War, Navy, Commerce, and Interior. The Department of State also receives petroleum reports from Army and Navy Intelligence.

-33-

In accordance with the President's directive of April 5, 1944, the Interdepartmental Executive Committee on Economic Foreign Policy was established and chaired by the Under Secretary of State for Economic Affairs. The Committee appointed a number of subcommittees, one of which is the Committee on International Commodity problems. On April 24, 1946, this subcommittee in turn established the Technical Committee on Petroleum chaired by the Chief of the Petroleum Division of the Department of State and composed of representatives of the Tariff Commission, and of the Departments of War, Navy, Commerce, and Interior. The Technical Committee on Petroleum has, *inter alia*, under consideration policy matters with respect to the location of a pipe line from Saudi Arabia to the Mediterranean, export control of material and equipment for American petroleum operations abroad, basis equitable and inequitable factors in foreign petroleum legislation, and formulation of United States foreign petroleum policy.

Another subcommittee dealing with petroleum and established by the Executive Committee on Economic Foreign Policy is the interdepartmental Committee on Conservation of Natural Resources organized on October 19, 1945. Its primary function is to consider from the point of view of economic foreign policy international problems of conservation of natural resources as well as domestic problems and remedial measures in this area. The Committee is composed of representatives of the Tariff Commission and of the Departments of State, Commerce, Navy, War and Interior.

The Department of State is also participating in the following interdepartmental bodies dealing with petroleum matters:

1. The President's Committee on Oil. Its principal purpose was the drafting of the Anglo-American Oil Agreement. The Committee is composed of the Secretaries of State, War, and Navy, and Messrs. R. K. Davies, now Special Consultant to the Secretary of the Interior, and Charles Rymer, Petroleum Adviser in the Department of State.
2. The Interdepartmental Petroleum Committee. Organized by the Oil and Gas Division of the Department of the Interior, its principal purpose is to coordinate Federal policy and administration on petroleum matters. Besides the Department of State, the following Government agencies are represented at the present time: Departments of War, Navy, Commerce, and Interior, the Federal Power Commission, and the Civilian Production Administration of the Office of Temporary Controls.
3. The Petroleum Facilities Coordinating Committee. Established in August 1945, the Committee's purpose is to implement the foreign-policy objectives of the Department of State in the disposal of surplus and lend-lease petroleum facilities and the equipment necessary for their operation, and also to advise interested agencies concerning the declaration of surpluses and disposition of facilities. The pertinent facilities are those in which the United States Government has an investment of \$100,000 or more, and which are located abroad or destined for export from the United States.

-34-

## UNITED STATES TARIFF COMMISSION

The United States Tariff Commission was created by Act of Congress approved September 8, 1916, for the purpose of supplying the Congress and the President with information regarding the position of the United States industries in competition with imports, regarding the administration and operation of the U. S. customs laws, and regarding commercial policies of foreign countries. The Tariff Act of 1922 increased its functions by providing for investigation and report by the Tariff Commission before action by the President under the authority given him by that Act to change duties when found necessary to recognize differences in cost of production in the United States and foreign countries, and also before action by him embarguing imports, pursuant to the provision declaring unfair methods of competition in the import trade to be unlawful. Title III, Part II of the Tariff Act of 1930 provided for a reorganization of the Tariff Commission and reconnected substantially all the previous provisions regarding its powers and duties. The Trade Agreements Act of June 12, 1934, names the Commission as one of the advisory agencies in the negotiation of reciprocal trade agreements.

With respect to petroleum, as to all other commodities produced in the United States and affected by the customs laws of the country, the primary function of the Tariff Commission is to obtain and report the facts pertinent to the decision of questions of international trade policy. Under the authority of Section 332 of the Tariff Act of 1930, the Commission conducts investigations and prepares reports for the President and the Congress regarding the competition in markets of the United States between such commodities and similar commodities produced in foreign countries. Pursuant to Section 4 of the Trade Agreements Act of 1934, it supplies trade-agreement authorities with information to assist them in determining what, if any, duty concessions may be made on the various commodities made the subject of negotiation. Before a trade agreement is negotiated, it is customary to have the matter considered by an inter-agency committee in which the Tariff Commission is represented, and which is usually chaired by the State Department. Also important in connection with petroleum is the work that the Commission has done in carrying out Section 334 of the Tariff Act of 1930, which specifically provides that the Commission shall cooperate with other Government agencies. Under this provision assistance is rendered, insofar as practicable, to those Government agencies requesting it. Moreover, under Section 332(f) of the Tariff Act and various Congressional resolutions and requests specifically relating to petroleum, the Commission has made special investigations regarding costs of producing crude petroleum.

Following is a brief resume of the Commission's principal reports in respect to petroleum and its principal products since the passage of the Tariff Act of 1930:

(1) A report to the Congress on the "Cost of Crude Petroleum," 1931. (Report No. 4, Second Series of Commission's reports.) This report, prepared pursuant to Section 332(f) of the Tariff Act of 1930, contained

-35-

information relative to the approximate average costs of crude petroleum delivered to Atlantic Seaboard refineries from the Mid-Continent-Gulf area and from Venezuela. The cost information was accompanied by a presentation of data respecting production and trade. The report dealt primarily with conditions in the three years preceding 1930.

(2) A report to the House of Representatives on the "Cost of Crude Petroleum, Gas Oil and Fuel Oil, Gasoline, and Lubricating Oils Produced in the United States and in Specified Foreign Countries," 1932. (Report No. 30, Second Series.) This report, completed November 30, 1931, was in compliance with House Resolution No. 391, 71st Congress, dated March 3, 1931. It gave costs principally for the years 1929 and 1930. Also included in the report were statistics respecting stocks, production, supply, distribution, and consumption of crude petroleum and its refined products. In response to a request from the Committee on Ways and Means, a supplement to this report was prepared in February 1932. Both the report and the supplement were before the Committee when the Revenue Act of 1932 was drafted imposing certain taxes on petroleum and its products.

(3) A report on "Petroleum Refining, Trend of Cost, 1934-40 and January-June, 1941" undertaken at the request of the Petroleum Coordinator and issued February 1942. This report made use of data collected earlier by the Commission on petroleum refining costs in 1934-38. It gave information respecting the costs of petroleum refining, quantities of crude oils processed, yield of products, wage rates, employment, and related data.

(4) A series of reports for the Office of Price Administration on the "Cost of Producing Crude Petroleum in the United States." The first and major report issued December 1940 bore this title. Subsequent supplemental reports concerned costs of producing crude petroleum in California, Wyoming, certain eastern states, and certain selected pools. These reports gave data on costs of producing petroleum in the United States from 1939 to 1942, and resulted from a series of investigations conducted by the Tariff Commission in 1942 and 1943 for the Office of Price Administration.

(5) Report on "Petroleum" in the Commission's "War Changes in Industry" series, prepared at the request of the House Ways and Means and the Senate Finance Committees. This report, released in June 1946, provides factual information with respect to the industry, points out the influence which the imports might have on future supplies, and discusses the effects of the United States tariff on imports of this commodity.

In addition to preparation of the foregoing reports, the Commission has done considerable work on petroleum and its products, sometimes in conjunction with other government agencies. In 1934 the Commission loaned a number of experienced accountants to the Petroleum Administrative Board for the preparation of a report on the "Cost of Production of Crude Petroleum." This report emphasized the years 1931-34, and was arranged in accordance with the Tariff Commission's presentation respecting

1927-30. In assisting the President with respect to the foreign-trade-agreement program, the Tariff Commission supplied the trade agreement authorities with information on petroleum in connection with agreements with Venezuela, Mexico, and several other countries. The sections on crude petroleum, fuel oil, and kerosene in the "Digests of Trade Data with Respect to Products on Which Concessions are Granted by the United States in the Trade Agreement between the United States and Mexico" are indicative of the kind of work performed by the Commission on petroleum and its products in the trade agreement program. Throughout the war the Commission made available to the Petroleum Administrator for War and the Office of Price Administration its files of data on cost of production of petroleum and related information. In response to Senate Resolution 341 of the 78th Congress, the Commission discussed, with respect to petroleum and other major import items, probable postwar imports, production, and exports (No. 154, Second Series, "Post-war Imports and Domestic Production of Major Commodities").

The Commission's research in respect to natural gas has not been significant as it, unlike crude petroleum and its liquid products, is not a commodity moving to an important degree in international trade.

The Tariff Commission does not regularly collect any original statistical data on petroleum or its products. Aside from cost and related information obtained directly in the course of special investigations, the statistical data used by the Commission in its researches in the petroleum industry are those originally compiled by the Bureau of Mines of the Department of the Interior, or by the Department of Commerce. The only routine petroleum statistics published by the Commission are contained in the annual publication entitled "Synthetic Organic Chemicals, U. S. Production and Sales."

In respect to personnel, the Commission has at present one specialist on petroleum in its Chemical Division. In addition, it has several economists who are qualified to participate in analysis of international competition in petroleum and its products, and several accountants competent to make cost investigations regarding petroleum products.

The Commission has received no appropriations earmarked for the investigation of this particular industry or commodity. It might be noted, however, that it did receive the interdepartmental transfer of approximately \$70,000 for the petroleum cost investigation in 1942-43. These monies consisted of working funds from the Office of Emergency Management and the Office of Price Administration.

The Commission's only regular office outside of Washington is an office specializing on the analysis of customs invoices and located in New York City. This office has occasionally analyzed imports of petroleum and petroleum products. Field work by the Commission in the conduct of the investigations, above referred to, has been accomplished without the establishment of local offices.

-37-

#### DEPARTMENT OF THE TREASURY

The Treasury Department was created by Act of Congress approved September 2, 1789. The Act established the Department to superintend and manage the national finances. Many subsequent acts have delegated new duties to the Department's charge. Besides managing the financial affairs of the Nation, the Department now controls the coinage and printing of money and the procurement of Federal supplies. The Coast Guard, the Narcotics Bureau, and the Secret Service have been placed under the supervision and jurisdiction of the Department.

The Department's oil and gas activities consist of five categories: Specifications, purchase, distribution, collection of excise taxes, and collection of duties and import taxes.

#### Specifications

Federal specifications are developed under the supervision of the Federal Specifications Board established by the Director of the Bureau of Federal Supply. It functions in a policy making and procedural capacity. Represented on the Board are: The Departments of Treasury, War, Navy, Interior, Agriculture, and Commerce, the Post Office, the Veterans Administration, the Federal Security Agency, and the Federal Works Administration. Early in 1946 the Secretary of the Treasury established the Industry Advisory Council to the Federal Specifications Board. The Council is composed of leaders in industry and representatives of qualified technical associations and societies. The actual drafting of specifications is performed by 77 specialized technical committees. Preliminary drafts of specifications are sent to manufacturers, to recognized technical and professional societies, and to Government agencies for comment and suggestions.

Specifications covering gasoline, fuel oil, and lubricants are prepared by the Inter-Agency Technical Committee on Lubricants and Liquid Fuels. The Committee reports to the Director of the Bureau of Federal Supply, Treasury Department, who approves of the final draft and promulgation of all specifications. The members of the Technical Committee are qualified technical personnel from the Army, Navy, National Bureau of Standards, and other major users of these commodities. The purpose of the Committee is to coordinate individual specifications now being used by various agencies into Federal Specifications that will suit the requirements of all Government activities. The direct supervision of this phase of specifications work is the responsibility of the Fuel Engineer of the Bureau of Federal Supply, Treasury Department, who is concerned with technical work on lubricants and liquid and solid fuels. His duties include advising Government agencies in their selection of liquid and solid fuels and lubricants.

The responsibility of the Bureau of Federal Supply in connection with the specifications work requires the part time services of one Grade GS-5 and less than five per cent of the time of one Grade GS-5.

### Purchases

The Bureau of Federal Supply of the Treasury Department purchases fuel oil and gasoline for all Government activities within the continental limits of the United States, with the exception of the Navy Department.

From time to time a circular letter is sent out to Government agencies requesting them to submit on specified forms their requirements for various petroleum products for specified periods. When the needs of agencies have been ascertained, bids are invited on U. S. Standard Form 33 (Rev.) "Invitation, Bid, and Acceptance (Short Form Contract)". Sealed bids are received and at a designated time they are opened and read. After bids have been awarded, a schedule is made up and sent to all the Government agencies which had indicated a need for petroleum products. The schedule gives the maximum price per gallon stated in the contract and the name of the contractor. The individual agencies requisition the products from the contractor and pay for them out of their own appropriations.

No lubricating oil is purchased by the Bureau of Federal Supply. It is purchased by the Navy Department for its own use and for the use of other Government agencies. This practice grew up mainly because of complications concerning the Navy specifications.

The number of people required to accomplish the Bureau's contracting for all petroleum products are as follows:

- 1 Grade CAF-11
- 1 Grade CAF-9
- 1 Grade CAF-7
- 2 Grade CAF-4
- 6 Grade CAF-3

### Distribution

The Fuel Yards of the Treasury Procurement Division are engaged in the distribution of coal, fuel oil, wood, and charcoal to Federal agencies in Washington and vicinity, as well as to schools, prisons, and other institutions of the District of Columbia.

The Fuel Yards are operated on a self-sustaining basis, that is, the fuel, including oil, is purchased from a revolving fund known as the General Supply Fund, Procurement Division, and billed to customer agencies with the addition of a service charge as a means of recovering the cost of operation. The Fuel Yard is under the immediate supervision of a Grade CAF-11 officer, who, with his assistant, Grade CAF-9, and the requisite clerical staff, administer the solid and liquid fuel program as a whole.

In addition to distribution of fuel oil, the Procurement Division also distributes moderate quantities of gasoline, lubricating oil, and grease coincident with the operation of automotive repair and storage facilities. This service is also financed by the General Supply Fund on a reimbursable basis, but is auxiliary to the principal function of repair and storage and is not maintained as a separate functional entity.

### Collection of Excise Taxes

The Bureau of Internal Revenue (Miscellaneous Tax Unit) is responsible for the administration and collection of certain Federal excise taxes affecting petroleum products. These excise taxes are as follows:

(1) The tax at the rate of  $1\frac{1}{2}$  cents a gallon imposed by Section 3412 of the Internal Revenue Code on sales of gasoline by producers or importers.

(2) The tax at the rate of 6 cents a gallon imposed by Section 3413 of the Code on sales of lubricating oils by manufacturers or producers.

(3) The tax with respect to the transportation of oil by pipe line levied under Section 3460 of the Code at the rate of  $\frac{1}{4}$  per cent of the amount paid for such transportation, and payable by the person furnishing such service.

These excise taxes are returned monthly. The return forms for these taxes are rather simple. They do not require a disclosure of the volume or details of the transactions in respect of which the tax is payable, but are limited to a statement of the gross tax payable for the month for which the return is made with a statement of any credits claimed in determining the net tax payable. In short, aside from the revenue derived from these sources, the returns do not reflect any material which is made the subject of statistical studies of the petroleum industry.

In the administration of these taxes, the Bureau of Internal Revenue is charged with the responsibility of determining whether the full and correct amount of tax has been paid by every person required by law to pay the tax. Such responsibility is discharged normally by audit of returns and claims, both refund and credit, filed by taxpayers. These audits are made in part by departmental personnel, i.e., employees of the Miscellaneous Tax Unit, and in part by field personnel.

Since the Bureau of Internal Revenue has more than 70 excise taxes coming within its jurisdiction, the personnel engaged in the audit of cases involving the excise taxes having a relation to the petroleum industry necessarily are also required to handle cases involving other excise taxes. For the same reason, the field work in connection with the excise taxes affecting the petroleum industry is not separable from the work carried on by the field personnel with respect to excise taxes generally. Hence, there is no separate appropriation or separate allotment of an appropriation for the work on the taxes related to the petroleum industry. Such work, both departmental and field, is charged against allotments drawn from the appropriation for "Collecting the Internal Revenue."

As to petroleum statistics disseminated by the Bureau of Internal Revenue, they consist entirely of items included in the general income statistics. The specific reports are:



-40-

1. Annual pamphlet entitled "Statistics of Income" which presents tabulated data of corporation income. Items included in the tabulation are: "Petroleum and Coal Products" and "Manufacturing -- Petroleum and other Mineral Oil Products."
2. Press releases issued from time to time in advance of the above "Statistics of Income." The information contained in the press releases is incorporated in annual "Statistics of Income."
3. A monthly release entitled "Collections of Internal Revenue." It includes two items: lubricating oils and gasoline.
4. Monthly returns on gasoline and lubricating oil taxes.

#### Collection of Duties and Import Taxes

The Bureau of Customs collects duties and import taxes on petroleum and petroleum products imported at the several ports of entry; allows draw-back of duties or import taxes on exported petroleum products made with the use of imported petroleum or petroleum products; and administers the conditionally-free withdrawal privileges of petroleum products for use as supplies for certain vessels and aircraft. It also assists the War Department in the enforcement of the Oil Pollution Act, 1924.

The Bureau publishes an annual report entitled "Merchant Vessels of the United States" which lists certain data concerning every registered, enrolled, or licensed seagoing ship under the United States flag, but does not segregate tankers.

All information as to collected custom duties is forwarded by the Bureau of Customs to the Bureau of the Census, Department of Commerce, which publishes the information in monthly and annual reports.

-41-

#### WAR DEPARTMENT

The War Department is charged with the responsibility of organizing, training, and maintaining the Army and certain non-military activities at all times in accordance with conditions defined by Congress.

In discharging its responsibilities the Department performs certain petroleum functions. The Department is engaged in research, development, and procurement of petroleum products and petroleum handling equipment for its own administrative, training, and operational uses. Performance of those functions is based primarily upon acts of Congress.

The foregoing petroleum activities are performed by (1) three Army technical services: the Quartermaster Corps, the Corps of Engineers, and the Ordnance Department; and (2) the Army Air Forces.

The Quartermaster Corps is headed by the Quartermaster General who, among other duties, performs the following petroleum functions:

1. He procures petroleum products (except for aircraft) for the Army stationed outside the continental limits of the United States. This procurement is coordinated with Air Force procurement of aviation fuels and lubricants, and Naval procurement of petroleum products within the Joint Army-Navy Petroleum Purchasing Agency. Products for consumption within the continental United States are, when possible, procured by the Navy and Treasury Departments.

The actual procurement of petroleum and its products is performed in the Stockton General Depot, Stockton, California, and the Quartermaster Purchasing Office, New York City. Staff supervision of procurement is performed in Washington.

2. He develops and procures mobile petroleum handling equipment. Development is generally performed by contractors, while purchasing is done by Quartermaster Depots throughout the country under the staff jurisdiction of the Quartermaster General's office in Washington.

3. He maintains liaison with and assists the Bureau of Mines of the Department of the Interior in the development of synthetic fuels under the authority of Public Law 290, 78th Congress, which provides for construction and operation of demonstration plants.

In performing the foregoing petroleum functions the Quartermaster General is assisted by nine officers and forty-eight civilians.

The Corps of Engineers is headed by the Chief of Engineers who, among other duties, is charged with the development and procurement of petroleum handling equipment of a fixed or semi-fixed nature such as pipe lines and storage tanks. Development work is carried out by the Engineer Board, Fort Belvoir, Virginia, with some field tests at Yuma, Arizona. Staff supervision of the work is performed in Washington.

A total of twenty-one persons are assisting the Chief of Engineers in his petroleum activities; five in Washington and sixteen with the Engineer Board.

The Ordnance Department is responsible for the research and development of fuels and lubricants for Army use, exclusive of that for aircraft, and the dissemination of technical data concerning their use. Work beyond the scope of the War Department installations and requiring industry assistance is performed by the Civilian Coordinating Research Council, Inc., under contract with the Ordnance Department. The petroleum activities of the Ordnance Department require the services of five civilians in the Office of the Chief of Ordnance in Washington.

The petroleum activities of the Army Air Forces are concerned with the petroleum products used in Army aircraft. These activities are as follows:

1. The procurement of aviation fuels and lubricants is performed by the Air Force Section of the Joint Army-Navy Petroleum Purchasing Agency operating in Washington with a total of three officers and sixteen civilians.

2. The Air Materiel Command at Wright Field, Dayton, Ohio, is charged with the responsibility for all Army Air Forces aviation fuels and lubricants. This responsibility includes distribution in the continental United States, shipments to theatres outside the United States, and its related problems including containers, accountability, storage, administration of service contracts, research and development, quality control, specifications, and issuance of regulations applying thereto. There are three officers and thirty-six civilians employed in the Supply Division, thirty civilians in the Development Section, and fifty-one employees in the Inspection Section.

Besides the foregoing petroleum activities, the War Department supports the Army-Navy Petroleum Board by assigning officers and allotting funds to the Joint Chiefs of Staff.

#### WAR ASSETS ADMINISTRATION

The War Assets Administration is a temporary agency created under the Surplus Property Act of 1944 for the purpose of disposing of surplus war-time facilities, goods, and equipment in the United States in accordance with the objectives laid down by Congress in that Act.

As to oil and gas activities of the Administration, they are limited to the disposal of such surplus materials, facilities, and equipment as may be usable by or related to the oil and gas industries. These consist of five categories: oil and natural gas pipe lines; oil transportation terminals, facilities, and equipment, excepting vessels which are handled by the U. S. Maritime Commission; refineries, toluene plants, and other related facilities and equipment; oil and gas leases and pipe line easements on or across surplus Government-owned land; and petroleum and its products.

The number of employees specifically assigned to oil and gas activities of the Administration in Washington amounts to 18.

The Bureau of Land Management, Department of the Interior, is charged with the disposal of real property in Alaska, Hawaii, Puerto Rico, and the Virgin Islands, as well as of real property in a few prisoner-of-war and War Relocation Authority camps in the United States.

The Farm Credit Administration of the Department of Agriculture is handling the disposal of other real property in the United States.

All surplus property located abroad is disposed of by the Department of State.